

**MINUTES
EAGAR TOWN COUNCIL
REGULAR MEETING
22 W. 2nd St., Eagar, AZ
December 2, 2014 - 7:00 P.M.**

Mayor Bryce Hamblin called the Regular Council Meeting to order and welcomed those present. Mayor Hamblin said to let the record show that all Councilmembers are present. Mayor Hamblin led the Pledge of Allegiance and James Nelson, Jr. offered the invocation.

COUNCIL PRESENT: Bryce Hamblin, Mayor
James Nelson, Jr., Vice Mayor
Steve Erhart
Winslow McNeill
John O. Phelps
Allen Browning
Byron Smith (outgoing)
Debra Seeley (incoming)

STAFF PRESENT: Tami Ryall, Town Manager
Bruce Ray, Community Development/Public Works Director
Eva Wilson, Town Clerk
Katie Brady, Finance Manager
Frank Adams, Fire Chief
Mike Hogan, Police Chief
Doug Brown, Town Attorney

ITEM #5: SUMMARY OF CURRENT EVENTS

A. MAYOR

Mayor Bryce Hamblin notified Council that he has sent a letter to the U. S. Environmental Protection Agency (EPA) outlining the Town's concerns with the proposed rule of the Clean Air Act that would regulate carbon emissions from existing power plants.

B. COUNCIL

None.

C. STAFF

Town Manager Tami Ryall advised Council that the newest Biomass Power Project Update Report from Concord Blue Energy has been set at their seats for their review.

ITEM #6: OPEN CALL TO THE PUBLIC

None.

ITEM #7: PRESENTATIONS

A. PRESENTATION OF PLAQUE TO COUNCILMAN BRYON SMITH FOR HIS YEARS OF SERVICE ON THE COUNCIL AND VARIOUS BOARDS AND COMMITTEES ON BEHALF OF THE TOWN OF EAGAR

Mayor Hamblin presented outgoing Councilor Byron Smith with a plaque expressing the Town's appreciation for his dedication to the Town of Eagar for all the time and effort that he has put in to volunteering for the various committees he has served on throughout the Town as well as an Eagar Councilmember.

B. ELECTED COUNCILORS STEVE ERHART, ALLEN BROWNING, JAMES NELSON, JR., AND DEBRA SEELEY TO TAKE THE OATH OF OFFICE AND TO BE PRESENTED CERTIFICATES OF ELECTION

Mayor Hamblin called up the newly elected councilmembers to receive their certificate of elections and to recite the oath of office of councilmembers for the Town of Eagar; the Honorable Roberta Reed officiated.

After the swearing in, Mayor Hamblin called for a ten minute recess for the public and staff to meet the newly elected and their families and to partake in refreshments.

C. UPDATE ON CONCORD BLUE OPERATIONS

Greg Bilson, Chief Development Officer, gave a brief introductory history of the Eagar Biomass Project when the concept started in 2008 under Western Energy Solutions. Western Energy Solutions was started by Greg Bilson and his father, who were introduced to then Town Manager Bill Greenwood by Robert Brown to contemplate the building of a rural energy facility in Eagar as there was a substantial amount of green waste, slash and mill chippings being generated by the Stewardship Contract.

The turning point for the concept was when Navopache Electric issued an RFP for renewable energy at which Western Energy Solutions won the RFP. Since that time they have been steadily working on developing the Eagar Biomass Project. Western Energy Solutions joined with Concord Blue Energy, Inc. in 2012 after a previous search for companies that could provide small-scale waste energy technology that was proven.

Mr. Bilson introduced Dr. Scott Noll, Vice President-Project Management, as having a long history in project management development and being involved in biomass renewable energy projects; he is the lead project manager on the Eagar Project.

Dr. Noll presented a PowerPoint presentation that included the background of Concord Blue, (CB) as being a privately held renewable energy company, headquartered in Dusseldorf, Germany and the inventor, owner, engineer and licensor for the Concord Blue Reformer® (CBR), waste to energy technology.

The CBR is an advanced steam thermolysis technology using staged reforming with world-wide patents on the technology. The process involves three steps in which the circulation of heated ceramic beads flow downward in an oxygen-free environment to reform or refine the gas produced from the pyrolysis (feedstock-Ponderosa Pine). The gas produced is a syngas, much like natural gas, which can be utilized in a number of uses; biochar is also a byproduct to this technology which can also be marketed.

Dr. Noll stated that they plan to use woody biomass as the feedstock producing a syngas that is very clean and suitable for use in the direct combustion syngas-certified reciprocating engine or to be used as a feedstock to make pure hydrogen or liquid fuels/chemicals.

Dr. Noll named several commercial projects where the biomass technology using various forms of waste is being used in Mumbai, Mahad, and Pune India, and Omuta Japan; and developing commercial projects using green waste or mill waste. Eagar's project will use mill waste and in-forest thinning residue providing 1.0 MW of electricity, and biochar.

Dr. Noll mentioned that Concord Blue, Inc. has finalized an agreement with Lockheed Martin using CB as their solid waste conversion technology of choice while providing CBR manufacturing and system integration, engineering, procurement, and construction management.

Dr. Noll went on to describe the three-acre plant site layout at Eagar's Industrial Park as designed by Evergreen Engineering. The plant layout showed the evaporation ponds, a substantial feedstock storage area for chips and logs (4.5 months of feedstock storage), and plant site. Dr. Noll stated that the Town's current burn pit would be eliminated with that waste being used as feedstock and the pit would serve as a storm water storage area. The ponds will be fully lined and will meet the standards for aquifer protection as regulated by Department of Environmental Quality (DEQ), as well as the whole site plan. The project will require a conditional-use permit from Apache County. The plant air emissions are minimal as the plant start up uses propane and after eight hours can switch to the self-produced syngas with the final output of one kilowatt to one megawatt of electricity being sold to Navopache.

Besides eliminating the Town's open burn pit, the project has other environmental benefits by eliminating the need for diesel trucks to haul green/mill waste 60 miles away; supporting the thinning operations and removal of burnt and diseased trees, and producing high quality biochar (enhances the health and bacterial balance of soils); all environmental benefits are expected to result in a carbon negative facility.

In conclusion, Dr. Noll stated that all the necessary permits have been applied for with expectation of permits to be issued in late spring/early summer 2015; the site engineered and

designed; a larger site fully surveyed with a plat prepared; archeological site survey completed with plant commissioning in late 2015/early 2016.

Councilor Steve Erhart inquired if the syngas will be stored. Dr. Noll stated that syngas cannot be stored as it made up of 45% hydrogen and it is very uneconomical to compress syngas for storage. Councilor Erhart verified that every start up will use a different form of fuel. Dr. Noll stated that propane will be used for every start up; once the plant starts going, it can switch to syngas. Clarification that start ups only occur after a cleanup and that the plant will run continually until a cleanup is scheduled.

Councilor John Phelps asked how many people will be employed. Dr. Noll stated that initial construction may employ 20-25 people and the operational plant will employ approximately 7-9. Councilor Phelps asked where the employees will come from. Mr. Bilson stated that the goal will be to employ qualified local people and the right people will be operationally trained as many of the positions will be “learned” positions.

Councilor Phelps asked if there is a certain timeframe in which the wood used must meet – at what point is the wood too old to be used. Mr. Bilson stated that if the wood is rotting/decomposing it would not make good feedstock, but an older wood is preferable as it is dryer, spending less time in the mechanical dryer – expending less energy to dry.

Mayor Hamblin reiterated that permits will be submitted in the spring. Dr. Noll stated that permits had been submitted, found deficient, and reapplied. It is expected to submit for permits either later this month or by mid-January with approvals expected in the spring.

Councilor Phelps asked if CB expects problems with the EPA regulations. Dr. Noll stated that this project is a minor source of energy, not burning coal or wood, but burning a form of natural gas, syngas, with the plant running similar to a water heater and the engines are cleaner burning than diesel engines, a natural gas spark igniter engine, so they fully expect to be well within EPA regulations and complying with state regulations as well.

Mayor Hamblin asked the public if they had any questions for CB.

George Reed asked if CB is going to try to operate on only the waste from the saw mill, or pick up material from the national forest. Mr. Bilson stated that they are aware of the Four-Fry Initiative and Stewardship Contract and would like to take advantage of that but the first priority is get the most available feedstock. If there is a chance to take in damaged or unmarketable lumber, fire damaged or diseased trees at an effective price they plan to take it all in and support the whole stewardship concept with first priority being the mills and then community brush. Mr. Reed inquired that in removing the burn pit if CB will be charging for delivered green waste. Mr. Bilson said there will not be a charge.

Don Seeley asked what other sources of feedstock would be used. Mr. Bilson replied that other CB projects around the world are combusting waste products and in Eagar they are trying to collect quality biochar and paper and cardboard can't provide quality biochar. Therefore, the majority of feedstock will be Ponderosa Pine (85%) with other species/brush

(15%) that comes into the brush pit. Mr. Seeley added what will happen in ten or fifteen years when the preferred feedstock starts to become scarce. Dr. Noll stated that they can then surplus with garbage.

Doyel Shamley asked what volume of Pinion and Juniper CB is willing to accept. Dr. Noll stated they performed testing on the Pinion, but not for biochar, and did not test the Juniper at all. Mr. Shamley asked if they would be testing. Mr. Bilson stated that they would want to know how the other species affect the quality of the biochar so they will perform the testing as they are running. There will not be a limit on what they take, they will take it all.

Roberta Reed asked if they will take fuels from private property. Mr. Bilson stated that Blue Hills is working with CB to ensure that clean trimming and biomass will be accepted. At this point a fee will not be charged for that. If it is a large scale operation that would involve a lot of man hours on CB's part to receive and handle the fuel, that would be dealt with on a case-by-case basis. They have no problem excepting any of the fuel as long as there is not a lot of garbage in it, as well as rocks and dirt and a significant cost to be incurred as determined by Blue Hills. Ms. Reed asked if they will accept anything off of a project instead of some of it going to Nicolls or other operations. Dr. Noll stated that it will depend on the timber's dimensions because on site the green waste has to go through a chipper and the chips are used as the feedstock. There is no commitment to take everything for free but that is the goal. Mr. Reed stated that he's a little nervous to deliver it for free.

Mr. Shamley asked if there are plans for CB to pay a bone-dry ton rate. Mr. Bilson stated that they have an agreement to pay for the mill waste. Mr. Shamley asked if CB is ready to actively compete. Mr. Bilson stated that if someone has biomass to sell, they would look at it and make an offer. Due to the processing needed to make viable feedstock there is an expense to CB so the biomass is preferred to be clean, as such that they get from the mill chips.

Councilor Erhart asked if the project's viability is contingent upon selling biochar as well, or can it stand alone on just making electricity. Mr. Bilson stated that it will just barely be viable making electricity so the biochar is a very important part of the project. They have stressed tested the project and the boundaries of what they will be able to sell the biochar for, but the biochar is a very important part of the project. Councilor Erhart stated that worst case scenario CB could take biomass that would make great syngas and not so much on the biochar if they had to. Mr. Bilson stated they would be unhappy but would not shut the plant down.

Mr. Bilson stated that it is important to note that this is one of two projects in the U.S. that Concord Blue considers a very important project. During construction and operation there will be people traveling to Eagar to see this facility such as CB potential clients and people in the industry interested in the technology. Concord Blue has a lot of incentives to ensure that the Eagar project is a success.

The PowerPoint presentation will be attached to these minutes as they include diagrams of the plant site and process diagrams.

ITEM #8: CONSENT AGENDA

- A. APPROVAL OF MINUTES OF EAGAR TOWN COUNCIL MEETING HELD NOVEMBER 2014
- B. APPROVAL OF OCTOBER 2014 NATIONAL BANK OF ARIZONA TRANSMITTALS, CHECKS WRITTEN, PAYROLL DIRECT DEPOSIT VOUCHERS, AND CREDIT CARD PURCHASES

Councilor Winslow McNeill moved to approve the Consent Agenda. Councilor Allen Browning seconded; all were in favor, motion carried unanimously. 7-0

ITEM #9: UNFINISHED BUSINESS

- A. DISCUSSION AND CONSIDERATION OF OCTOBER 2014 FINANCIAL REPORT AND SALES TAX REPORT

Finance Manager Katie Brady reported that this is the first financial report of the year that reflects the audit adjustments of approximately \$319,000. The budget is showing, due to the Town's accrual process, \$188,000 of expenditures over revenues.

City sales taxes are 8.8% above, State Shared Revenues are 9.2% above, and HURF are 8.6% above last year's figures and projections.

ITEM #10: NEW BUSINESS

- A. DISCUSSION AND CONSIDERATION OF RESOLUTION 2014-18 APPROVING AN ARIZONA DEPARTMENT OF LIQUOR LICENSE APPLICATION CHANGE OF AGENT ON THE RETAIL LIQUOR LICENSE AT BASHAS'

Town Clerk Eva Wilson reported that the liquor license application specifying a change to the acquisition of control was posted for the required 20 days and the Town Clerk's office did not receive any comments, pro or against, on the proposed change.

Vice-Mayor James Nelson, Jr. moved to approve Resolution 2014-18 approving an Arizona Department of Liquor License Application for a Change of Agent on the Retail Liquor License at Bashas'. Councilor Steve Erhart seconded.

Councilor Allen Browning called attention to a typo error in the resolution. Town Counsel Doug Brown stated that it is okay to approve the resolution and to make corrections before signatures are obtained.

All were in favor of the motion, motion carried unanimously. 7-0

**B. DISCUSSION AND CONSIDERATION OF COUNCIL APPOINTMENTS TO VARIOUS
BOARDS AND COMMITTEES WITHIN AND OUTSIDE OF THE TOWN OF EAGAR**

Mayor Hamblin has received requests from Councilmembers on which boards or committees they would like to serve on. The committee assignments are as follows:

Mayor Hamblin
Coalition for Family Values
Municipal Property Corporation
Utilities Board

Vice-Mayor Nelson
Blue Hills Board of Directors
Personnel Appeals Board

Councilor Browning
Eagar Beautification Committee
Board of Adjustments

Councilor Phelps
Board of Adjustments
Wellness Coalition

Councilor Erhart
Upper Little Colorado River
Little Colorado River Plateau RCD
Little Colorado Watershed Coord. Council

Councilor McNeill
Public Safety Personnel Retirement System
Fire Department Pension Board
Wellness Coalition
Chamber of Commerce Board

Councilor Seeley
Cemetery Committee
Design Review Board
White Mountain Regional Transportation Board

Councilor McNeill asked how replacements are assigned to the Municipal Property Corporation. Mayor Hamblin stated that there is a flyer posted asking for applicants. Town Clerk Eva Wilson stated that the Municipal Property Corporation selects its own members according to its bylaws.

Vice-Mayor James Nelson, Jr. moved to approve council appointments to the various boards and committees within and outside the Town of Eagar as presented. Councilor Steve Erhart seconded; all were in favor, motion carried unanimously. 7-0

ITEM #11: SIGNING OF DOCUMENTS

Necessary signatures were obtained for the Minutes of November 2014; the October financial page; and Resolution 2014-18.

ITEM #12: ADJOURNMENT

Councilor Steve Erhart moved to adjourn the meeting (at 8:15 p.m.) Councilor Winslow McNeill seconded; all were in favor, motion carried unanimously. 7-0

Eagar Council Minutes Regular Meeting
December 2, 2014

Attest: _____

Mayor: _____

Vice-Mayor: _____

Council: _____

CERTIFICATION OF COUNCIL MINUTES

I hereby certify that the foregoing minutes is a true and correct copy of the minutes of the Regular Council Meeting of the Town of Eagar, Arizona held on December 2, 2014. I further certify that the meeting was duly called and held and that a quorum was present.

Eva Wilson, Town Clerk